

TO: Distribution
FROM: Distribution System Information / Chris Enger
SUBJECT: Nielsen Retail Pricing Update - 8/26/95 (week ending)

DATE: September 6, 1995

SUMMARY

- The average pack price gap between Marlboro and the Lowest Discount brand remained stable versus week-ago at 59¢ or 43.4%
- Basic's price disadvantage (>10¢) with the Lowest Discount brand increased +3 points versus week-ago to 70% of stores as GPC and RJR PL money-off promotional support increased this week.
- ≤99¢ incidence remained relatively unchanged versus week-ago at 14% of C-stores.

Prices and Gaps

- In **C-stores**, Marlboro and the Lowest Discount brand average pack prices remained unchanged for the second consecutive week at \$1.95 and \$1.36, respectively. The resulting price gap remained at 59¢ or 43%.

Regionally, on a four week basis, the price gap increased the most in Region 1. In Region 1, pricing was influenced by the completion of the Marlboro Summer Sales Spectacular promotion, coupled with increased RJR PL money-off promotional support.

	LOWEST				Chg. vs. WAGO		4WK vs. 4WAGO	
	MARL	DISC	\$ GAP	% GAP	\$ GAP	% GAP	\$ GAP	% GAP
NTNL	\$1.95	\$1.36	\$0.59	43.4%	\$0.00	0.0%	\$0.02	1.3%
R1	\$2.11	\$1.54	\$0.57	37.0%	-\$0.01	-0.7%	\$0.03	2.0%
R2	\$1.79	\$1.19	\$0.60	50.4%	-\$0.01	-0.9%	\$0.02	0.6%
R3	\$1.92	\$1.33	\$0.59	44.4%	\$0.01	1.1%	\$0.02	1.1%
R4	\$1.92	\$1.36	\$0.56	41.2%	\$0.01	1.1%	\$0.02	1.4%
R5	\$2.11	\$1.47	\$0.64	43.5%	\$0.00	0.3%	\$0.02	1.1%

In **Supermarkets** (w/e 8/19), Marlboro and the Lowest Discount average carton prices remained relatively stable (+3¢ and -2¢, respectively). The resulting price gap was \$4.39 or 35%.

Regionally, on a four week basis, the price gap increased the most in Region 2 as Misty, Monarch and Montclair increased money-off promotional support.

	LOWEST				Chg. vs. WAGO		4WK vs. 4WAGO	
	MARL	DISC	\$ GAP	% GAP	\$ GAP	% GAP	\$ GAP	% GAP
NTNL	\$17.00	\$12.61	\$4.39	34.8%	\$0.05	0.4%	\$0.14	0.8%
R1	\$18.78	\$15.04	\$3.74	24.9%	-\$0.14	-1.2%	-\$0.08	-1.0%
R2	\$15.19	\$10.83	\$4.36	40.3%	\$0.06	0.6%	\$0.37	3.4%
R3	\$16.67	\$12.27	\$4.40	35.9%	\$0.03	0.4%	\$0.04	-0.1%
R4	\$17.05	\$12.51	\$4.54	36.3%	\$0.23	2.4%	\$0.20	1.3%
R5	\$18.61	\$13.91	\$4.70	33.8%	\$0.03	0.1%	\$0.02	-0.2%

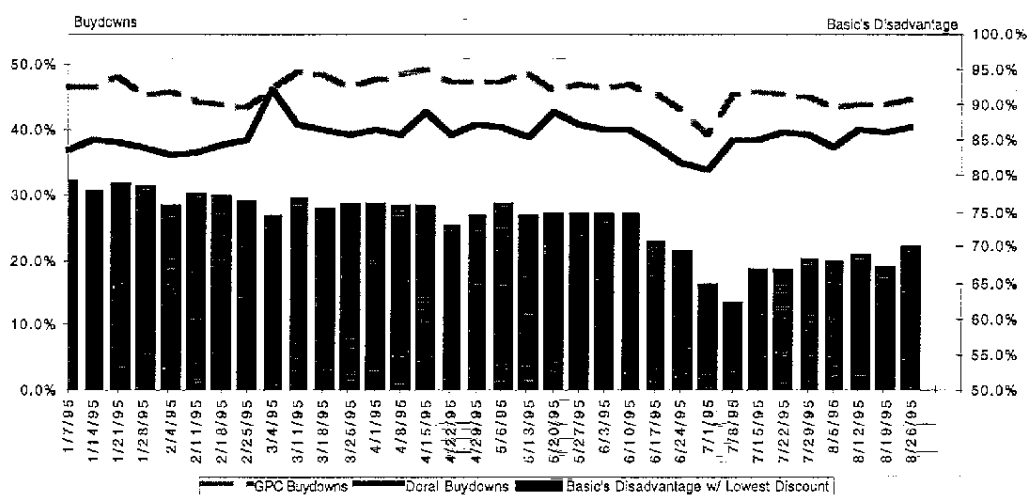
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Basic's Price Disadvantage

- In **C-stores**, incidence of Basic's price disadvantage (>10¢) with the Lowest Discount brand increased +3 points versus week-ago to 70% of stores (more than offsetting the previous week's decline) as GPC and RJR PL increased money-off promotional support.
- Basic's price disadvantage with GPC increased +4 points versus week-ago to 54% of stores as GPC increased money off promotional support +2 points to 45% of stores.
- Basic's price disadvantage with Doral increased +2 points to 37% of C-stores as Doral increased money-off promotional support to 41% of stores.

	% STRS > 10¢	CHG VS LAST	4WK VS 4WAGO	AVG PRC DIFF	CHG VS LAST	4WK VS 4WAGO
BASIC vs. LOWEST DISC	70.0%	2.5%	2.6%	\$0.32	\$0.00	\$0.00
BASIC vs. GPC	53.5%	4.2%	3.5%	\$0.25	\$0.00	\$0.01
BASIC vs. RJR PL	83.1%	4.4%	3.2%	\$0.37	\$0.00	\$0.00
BASIC vs. DORAL	36.5%	1.5%	2.1%	\$0.24	-\$0.01	\$0.01

**BASIC'S PRICE DISADVANTAGE WITH LOWEST DISCOUNT
C-STORES**



- In **Supermarkets** (w/e 8/19), incidence of Basic's price disadvantage (>\$1) with the Lowest Discount brand increased +2 points versus week-ago to 63% of stores as Montclair, Best Value and RJR PL increased money-off promotional support.
- Basic's price disadvantage with GPC decreased -1 point versus week-ago to 45% of stores.
- Basic's price disadvantage with Doral increased +1 point versus week-ago to 21% of stores.

	% STRS > \$1.00	CHG VS LAST	4WK VS 4WAGO	AVG PRC DIFF	CHG VS LAST	4WK VS 4WAGO
BASIC vs. LOWEST DISC	63.0%	2.2%	10.1%	\$2.40	\$0.12	\$0.08
BASIC vs. GPC	44.6%	-1.1%	10.3%	\$1.96	\$0.02	\$0.00
BASIC vs. RJR PL	85.4%	-0.7%	16.0%	\$2.58	\$0.31	\$0.16
BASIC vs. DORAL	20.5%	1.4%	4.2%	\$2.01	\$0.01	-\$0.03

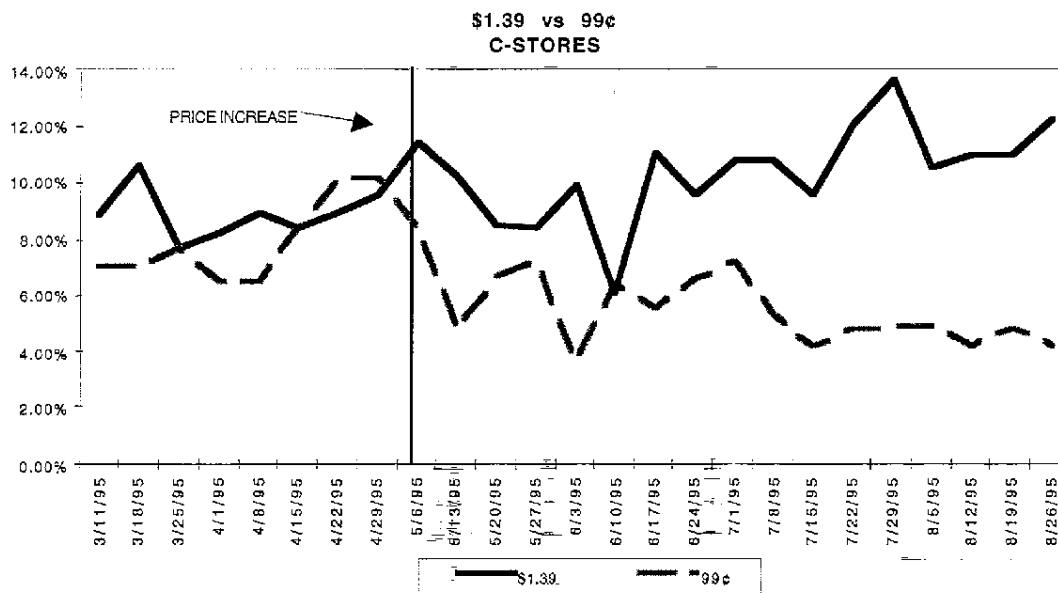
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≤99¢ Incidence

- ≤99¢ incidence remained stable at 14% of C-stores for the fifth consecutive week.
- Regionally, on a four week basis, ≤99¢ incidence decreased the most in Region 2, as RJR PL decreased its money-off activity.

	≤99¢	Chg. vs. WAGO	4WK vs. 4WAGO
NTNL	14.4%	0.5%	-0.6%
R1	2.4%	-2.4%	0.6%
R2	30.1%	1.2%	-2.7%
R3	9.8%	1.2%	-1.5%
R4	17.7%	1.6%	1.3%
R5	4.7%	-0.1%	-0.1%

- Since the May manufacturers list price increase, \$1.39 has emerged as the the most common pack selling price for discount brands. Incidence of brands selling at 99¢ has decreased -4 points versus four weeks ending 5/6 with only 5% of stores now selling at this price point.

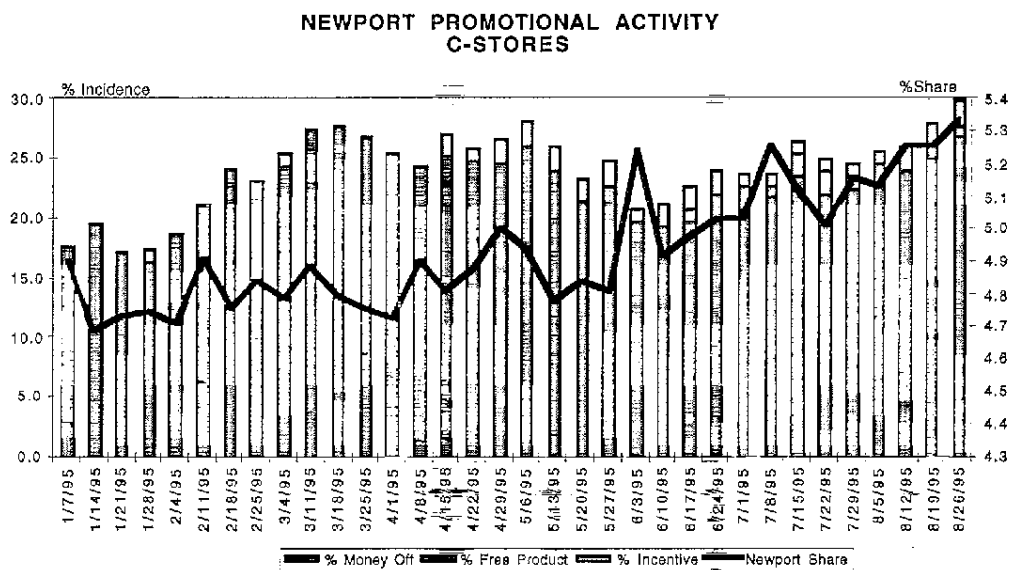


Note: 99¢ incidence in this chart represents stores selling for exactly 99¢ not 99¢ or less.

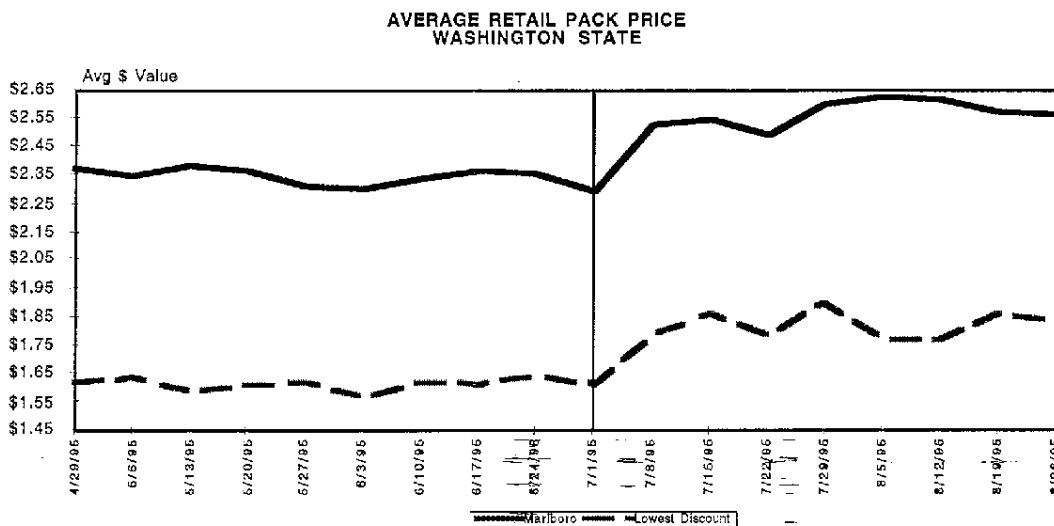
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EMERGING TRENDS

- Newport money-off promotional support increased +2 points both week-to-week and on a four week basis, with money-off promotions reaching 27% of C-stores (its highest level since w/e 3/18/95).

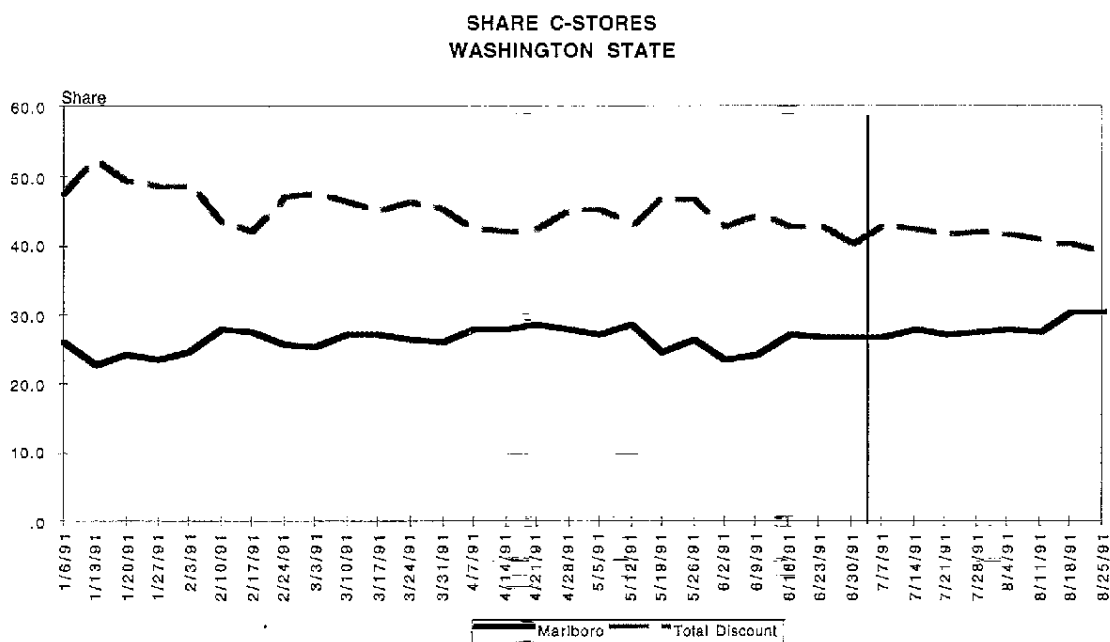


- Since the 7/1/95 Washington State SET increase of 25¢ to 81.5¢ per pack, Marlboro's four week average pack price increased +25¢ to \$2.59 versus a base period four weeks ending 7/1. Lowest Discount's four week average price increased +27¢ versus 4wks ending 7/1 to \$1.83.



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- In Washington State, Marlboro's 4 week share increased +3 points versus base period 4wks ending 3/24. Total discount's corresponding share decreased -6 points.



Distribution:

R. Anise	G. Galanti-Bennis	L. Lubrano	D. Rubin
M. Anton	T. Garguilo	N. Lund	S. Rush
D. Beran	E. Gawronski	M. Mahan	J. Ryder
D. Berenson	E. Gee	J. Margolis	T. Saloun
G. Bible	Y. Girgado	P. McCarthy	J. Sansone
G. Blumenson	A. Goldfarb	K. McEncroe	M. Salzman
J. Bonhomme	M. Gordon	T. McGovern	E. Schneidman
M. Burgess	M. Grande	S. Medakkar	M. Schroeder
L. Camilleri	J. Greene	R. Mikulay	B. Schuyler
J. Chaump	H. Halewski	S. Minagawa	A. Schwartz
N. Conrad	H. Harwood	D. Moore	B. Shah
G. D'Allesandro	A. Hyland	J. Morgan	A. Sinha
J. deCastro	D. Himmel	K. Morgan	M. Slone
P. Dodd	J. Intogna	M. Murphy	W. Smith
J. Dwyer	S. Jannetta	B. Neidle	N. Suter
N. Ellis	C. Johnson	J. Nelson	M. Szymanczyk
G. Fawcett	D. Keane	N. Nicholes	D. Tapscott
P. Fernandez	L. Larkins	P. Paoli	L. Theaman
R. Ferrin	K. Leger	B. Piccolino	J. Tucker
S. Fuller	S. LeVan	S. Piskor	R. Weiner
L. Funness	C. Levy	L. Poole	B. Weinstein
	A. Lewis	D. Potter	L. Wexler
	J. Lichtman	S. Rafferty	J. Whitson
	H. Long	T. Resman	K. Winkler

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